

## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

STAT

FROM:

OIS/CRD

322 AMES

EXTENSION

NO.

Case No. 83-4601

DATE

12/28

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DDI/IR0

29 Dec 83

R

1-3

See note below  
for due date.

STAT

SOVA

STAT

4.

5.

6.

7.

8.

OIS/CRD

322 AMES

9.

10.

11.

12.

13.

14.

15.

We would appreciate a DDI reminder of the attached speech on US/USSR defense spending imbalance. Background material says speech is based on a Feb 83 CIA assessment.

A reply by 3 Jan would be appreciated if possible.

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1. DDI/IR0

21 Dec 83 R

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See note below  
for due date

SOVA

3 Jan 84

We would appreciate a DDI reminder of the attached speech on US/USSR defense spending imbalance. Background material says speech is based on a Feb 83 CIA assessment.

A reply by 3 Jan would be appreciated if possible.

30 December 1983

STAT

MEMORANDUM FOR:   
Program Staff

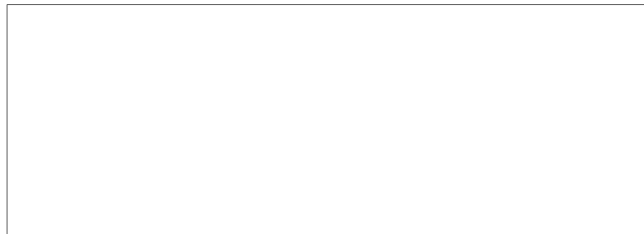
SUBJECT: Coordination Comments on "Speech Insert"  
Proposed for use by CINCSAC

1. We have only two brief comments on the speech insert on comparisons of US and Soviet defense costs in dollar terms:

- o The data are in calendar year 1981 dollars, not fiscal year.
- o The data in no way represent Soviet defense expenditures and should not be referred to as such. The Soviets, of course, spend rubles not dollars. The dollar concept measures to what it would cost the US to field and man a force the size of the actual Soviet force and to operate it the way the Soviets do.

We have annotated the draft to take account of these comments.

2. The CIA data quoted in the speech insert is correct. We cannot verify the US weapons' prices.



STAT

Distribution:  
Original - Addressee  
1 - EA/C Chrono

OFFICIAL USE ONLY

DIRECTORATE FOR FREEDOM OF INFORMATION  
AND SECURITY REVIEW OASD(PA)  
COORDINATION RECORD

CASE NO.

83-4601

DATE

21 December 1983

TO:

CIA  
OUSD(P)  
OUSD(R&E)  
OASD(C)  
OJCS  
NET ASSESSMENT  
OSAF/PAS  
DIA

DESCRIPTION

SPEECH INSERT: "Comparison of U.S.-U.S.S.R. Defense Expenditures 1972-81", for use by CINCSAC and other senior SAC personnel in public speeches, prepared by SAC/XPPE.

Submitted by Hq SAC/PAM

THE ATTACHED MATERIAL IS FORWARDED FOR REVIEW AND COMMENT IN ACCORDANCE WITH THE GUIDELINES ON THE REVERSE OF THIS FORM. QUESTIONS CONCERNING THIS CASE SHOULD BE DIRECTED TO

NOTE: Soviet data based on CIA publication "A Comparison of Soviet & U.S. Defense Activities - 1972-81", SOV83-10035, Feb 83, (S/NFD), pages ii-iv, and chart on page 11.

A REPLY IS REQUESTED BY 4 January 1983

## COORDINATION OFFICE ACTION

TO: Directorate for Freedom of Information and Security Review, OASD(PA)

REVIEW BY THIS OFFICE, IN ACCORDANCE WITH THE GUIDELINES ON THE REVERSE SIDE OF THIS FORM, RESULTS IN THE FOLLOWING RECOMMENDATION CONCERNING CLEARANCE FOR PUBLICATION (check one):

☐ NO OBJECTION AS RECEIVED.

☒ NO OBJECTION SUBJECT TO AMENDMENTS MADE BY THIS OFFICE (in black pencil).  
REASONS FOR AMENDMENTS (security or policy) ARE SPECIFIED BY PAGE NUMBERS LISTED BELOW.

☐ OBJECTION. AMENDMENTS TO PERMIT PUBLICATION ARE IMPRACTICABLE. REASONS ARE STATED BELOW.

The CIA data quoted in the speech insert, "Comparison of U.S. - U.S.S.R. Defense expenditures 1972-81," is correct and UNCLASSIFIED. We cannot verify the U.S. weapons' prices.

CIA has two brief comments on the speech insert on comparisons of U.S. and Soviet defense costs in dollar terms:

- a. The data are in calendar year 1981 dollars, not fiscal year.
- b. The data in no way represent Soviet defense expenditures and should not be referred to as such. The Soviets, of course, spend rubles not dollars. The dollar concept measures to what it would cost the U.S. to field and man a force the size of the actual Soviet force and to operate it the way the Soviets do.

We have annotated the draft to take account of these comments.

Sincerely,

STAT

STAT

(Continue on reverse side if necessary.)

ORGANIZATION

Chief, Classification

Review Division, OIS/DDA, CIA

DATE

06

SD FORM 373

1 SEP 77

REPLACES SD FORM 373, 1 MAY 74, WHICH IS OBSOLETE.

## RECOMMENDED SPEECH INSERT

THE CENTRAL INTELLIGENCE AGENCY ESTIMATED THAT DURING THE PERIOD  
~~THE DOLLAR COST OF~~  
1972-81 SOVIET ~~(SPENDING ON)~~ MILITARY RESEARCH AND DEVELOPMENT,  
MILITARY WEAPON SYSTEMS PROCUREMENT, AND MILITARY FACILITIES,  
EXCEEDED THAT OF THE UNITED STATES BY ABOUT \$519B (CONSTANT  
CY81 (FY81) \$). THE MAGNITUDE OF THIS GAP IS DIFFICULT TO COMPREHEND  
IN TERMS OF PURCHASING POWER SO PERHAPS AN ILLUSTRATION WOULD  
BE HELPFUL. HAD WE SPENT THAT \$519B DURING THE SAME TIME  
PERIOD WE COULD HAVE: BOUGHT AND OPERATED 244 B-1 BOMBERS;  
THE ONCE PLANNED PEACEKEEPER MISSILE PROGRAM OF 200 MISSILES AND  
4,500 SHELTERS; THE TRIDENT SUBMARINE PROGRAM (10 BOATS) WITH  
TRIDENT MISSILES (370 C-4s); THE TOTAL E-4 AIRBORNE COMMAND  
POST PROGRAM (6); ALL 34 E-3A AWACS AIRCRAFT; PLUS THE  
PLANNED BUY OF F-14s (521), F-15s (749), F-16s (1396), AND  
A-10s (743) FOR TACTICAL AIR MODERNIZATION; OVER 7,000 M-1  
MAIN BATTLE TANKS AND 81 C-5 TRANSPORTS FOR GLOBAL MOBILITY;  
CONSTRUCTED A NEW \$70,000 HOUSE FOR EVERY MAN, WOMAN, AND  
CHILD IN THE STATE OF NEBRASKA; AND STILL HAD OVER \$15B LEFT  
OVER. I AM NOT SUGGESTING FOR A MOMENT THAT THIS WOULD HAVE  
BEEN A DESIRABLE OR ACHIEVABLE PROGRAM, MERELY HIGHLIGHTING  
WHAT A LARGE SUM OF MONEY \$519B REALLY IS.

4601

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## STAFF SUMMARY SHEET

|   | TO | ACTION | SIGNATURE (Signature), GRADE AND DATE |    | TO | ACTION | SIGNATURE (Signature)/GRADE AND DATE |
|---|----|--------|---------------------------------------|----|----|--------|--------------------------------------|
| 1 | AC | COORD  | ATTACHED                              | 1  | CC | INFO   |                                      |
| 2 | DP | COORD  | ATTACHED                              | 7  | PA | COORD  |                                      |
| 3 | IN | COORD  | ATTACHED                              | 8  |    |        |                                      |
| 4 | CS | INFO   |                                       | 9  |    |        |                                      |
| 5 | CV | INFO   |                                       | 10 |    |        |                                      |

| SURNAME OF ACTION OFFICER AND GRADE | SYMBOL | PHONE | TYPIST'S INIT | SUSPENSE DATE |
|-------------------------------------|--------|-------|---------------|---------------|
| Capt Kehler                         | XPPE   | 46122 | jat           |               |

| SUBJECT                                    | DATE       |
|--|------------|
| Comparison of US-USSR Defense Expenditures | 5 DEC 1983 |

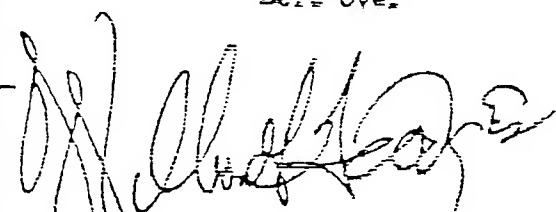
**SUMMARY**

1. Tab 1 contains a proposed speech insert for CV use which compares US-USSR defense spending imbalance. The insert illustrates the magnitude of the defense spending gap by showing what the US could have bought with the difference (\$519B-FY81\$). The \$519B difference in US-USSR defense spending is quoted from a Central Intelligence Agency (CIA) analysis published in February 1983. A portion of the analysis is at Tab 2 with supporting rationale at Atch 1. The "laundry list" is based on a snapshot of programs as they appeared during the 1970s, and assumes the US would have spent the difference during the same time period.

2. Tabs 3 and 4 contain supporting data and methodology used to construct the speech insert.

CY 81  
Expressed in Billions of ~~(FY81)~~ Dollars

|  |                 |
|--|-----------------|
| Difference Between [US and] Dollar Cost of US and Soviet |                 |
| Soviet Defense <del>Expenditures</del> (1972-81)         | \$519.0 (Tab 2) |
| Activities   |                 |
| Weapon System Laundry List                               | -495.9 (Tab 3)  |
| Hypothetical Housing Purchase                            | -1407.7 (Tab 4) |
| Left Over  | \$ 15.4 Billion |

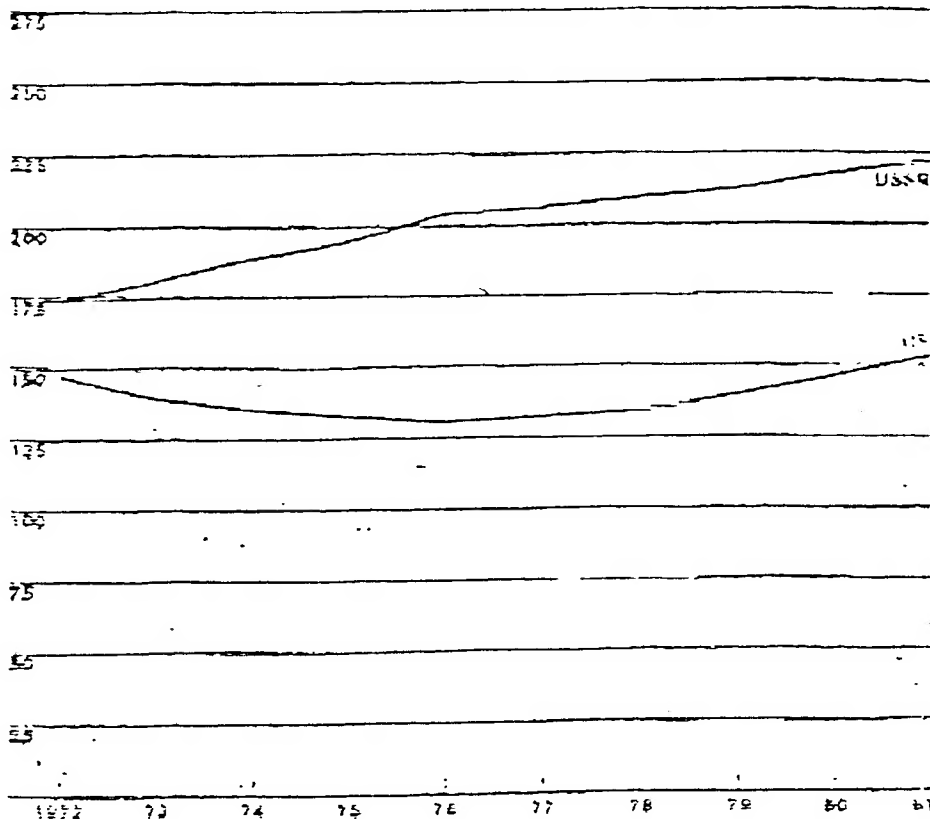
  
WILLIAM G. GOODYEAR, COLONEL, USAF  
ASST. FOR PLANS AND POLICY, DCS/PLANS

- 4 Tabs
1. Speech Insert
  2. CIA Analysis
  3. List of Programs
  4. Hypothetical Housing Purchase

# US and Soviet Defense Activities

A comparison of US outlays with estimated dollar costs of Soviet activities

Below 1981 dollars



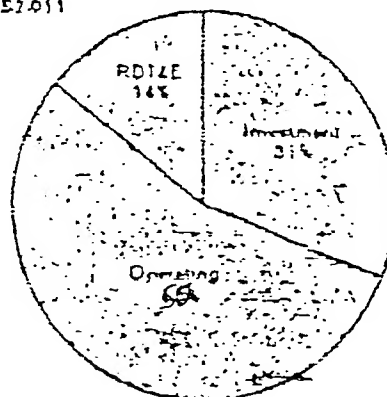
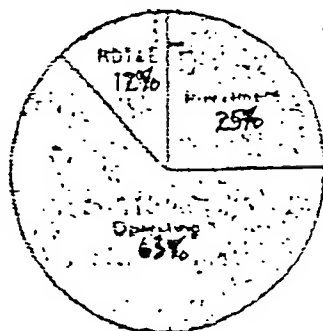
(cumulative, 1972-81)

US

Total \$1,242

USSR

Total \$2,011



Unclassified



**Page Denied**

| Program     | Total<br>Program Cost<br>(FY81 \$M) | Snapshots<br>Year | Quantity                |
|-------------|-------------------------------------|-------------------|-------------------------|
| B-1         | 26,386.7                            | 1978              | 244                     |
| Peacekeeper | 37,700.0                            | 1980              | 200<br>(4,600 Shelters) |
| Trident     | 27,039.8                            | 1974              | 10                      |
| Trident C-4 | 12,355.2                            | 1974              | 370                     |
| F-14        | 19,846.8                            | 1978              | 521                     |
| F-15        | 16,589.8                            | 1978              | 749                     |
| F-16        | 13,932.1                            | 1978              | 1,396                   |
| A-10        | 5,119.1                             | 1978              | 743                     |
| E-3A        | 5,665.5                             | 1978              | 34                      |
| E-4         | 736.6                               | 1978              | 6                       |
| C-5         | 9,162.0                             | 1972              | 81                      |
| M-1         | 8,936.1                             | 1978              | 7,068                   |
| Total       | 183,469.7                           |                   | = \$183.5B              |

Source: HQ USAF/ACMC

-- Total program costs include procurement, RDT&E, and major system-related MILCON.

--- O&M not available; however, CIA says over 1972-81 period, cumulative US total was comprised of:

|                                      |   |     |
|--------------------------------------|---|-----|
| RDT&E                                | - | 12% |
| Investment<br>(Procurement & MILCON) | - | 25% |
| O&M                                  | - | 63% |

-- Using the CIA analysis we have assumed the Investment/RDT&E amount (\$183.5B) is only 37% of the total required to field the system (during that time period).

--- Given that assumption:

$$\frac{183.5B}{x} = 37\%$$

x = Total cost (including O&M)

$$x = \$495.9B$$

BACKGROUND PAPERONUS MEDIAN HOUSING PRICESSUBJECT

- Methodology used to construct hypothetical housing purchase for CINCOSAC/CV speech insert.
- Quotation, ".... constructed a new \$70,000 house for every man, woman, and child in Nebraska ...."

DISCUSSION

- Hypothetical housing purchase constructed to illustrate magnitude of difference in US-USSR defense spending (1972-81, \$619B).
- Assumed purchase occurred in 1981.

US Median Housing Prices

(Thousands of \$)

| <u>Year</u> | <u>Median Price</u> |
|-------------|---------------------|
| 1972        | 27.6                |
| 1973        | 32.5                |
| 1974        | 35.9                |
| 1975        | 39.3                |
| 1976        | 44.2                |
| 1977        | 48.8                |
| 1978        | 55.7                |
| 1979        | 62.9                |
| 1980        | 64.6                |
| 1981        | 66.9                |

-- US Median Housing Prices from US Dept of HUD and the Census Bureau.

Capt Kehler/EPPE/46122/jat/4 Dec 83

-- Nebraska population 1980-81 - 1,538,788.

--- Based on 1980 census (source: Nebraska Blue Book).

- 1,538,788 x \$70,000 = \$107.7B-